

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00  
EB-08 EA-10 FRB-03 INR-10 NEA-11 NSAE-00 ICA-11  
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00  
OMB-01 SS-15 OIC-02 STR-07 ITC-01 L-03 /124 W  
-----129990 262203Z /20

R 262046Z MAY 78  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 2242  
INFO USMISSION GENEVA

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USOECD

E.O. 11652: N/A  
TAGS: EFIN, EAID  
SUBJECT: DEBT AND MAY 26 DAC WP/FA MEETING

REF: STATE 134207

1. SUMMARY: AT MAY 26 DAC WORKING PARTY MEETING ON FOLLOW-UP OF UNCTAD DEBT DISCUSSIONS, PRINCIPAL ITEM OF BUSINESS WAS "NON-PAPER" PROPOSAL WHICH U.K. DELEGATION TABLED. ESSENCE IS THAT WE AGREE TO INFORMAL, LIMITED GROUP OF INDIVIDUALS FROM BOTH GROUP B AND 77 TO WORK WITH SECRETARIAT OF UNCTAD IN HELPING THEM TO PREPARE AN EXPANDED VERSION OF FOUR AGREED CONCEPTS IN THE TDB RESOLUTION OF MARCH 10. SUCH WORK, SO FAR AS THE INDIVIDUALS FROM GROUP B ARE CONCERNED, WOULD DRAW ON THE RELEVANT LANGUAGE OF THE EEC/US MEMORANDUM ON PROCEDURES. THE BRITISH ALSO DISTRIBUTED A SEVEN-PAGE NOTE CONSISTING OF QUESTIONS AND ANSWERS ON THE FOUR CONCEPTS FOR USE BY ANY OTHER MEMBER OF GROUP B. PROPOSAL AGREED TO BY ALL OTHER MEMBERS OF WORKING PARTY, EXCEPT  
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JAPANESE AND OURSELVES. WE PROMISED QUICK REACTION.

2. UNDER CHAIRMANSHIP OF BRUCE WILLIAMS, DAC WORKING PARTY ON FINANCIAL ASPECTS MET ON MAY 26 IN HALF-DAY SESSION TO CONSIDER QUESTION OF HOW GROUP B MIGHT MOST EFFECTIVELY FOLLOW UP ON THE UNCTAD DISCUSSION OF DEBT. BLACK OF SECRETARIAT, REPORTING BRIEFLY ON COW, NOTED

THAT THERE WERE NO AGREED CONCLUSIONS BUT THAT A DRAFT ITEM ON DEBT WELCOMED THE OUTCOME OF THE TRADE AND DEVELOPMENT BOARD SESSION AS A POSITIVE STEP; REMARKED THAT THE G-77 THOUGHT IT FELL SHORT OF EXPECTATIONS; URGED PROMPT ACTION TO IMPLEMENT RETROACTIVE TERMS ADJUSTMENT PROPOSALS. PHAUWADEL (FRENCH) ALSO REPORTED BRIEFLY ON THE NEW YORK SESSION; HE HAS IMPRESSION THAT THE GROUP OF 77 WAS NOT IN FULL AGREEMENT WITH TDB OUTCOME AND THAT TY WOULD TEND TO NEGLECT THE UNDERSTANDING ON FEATURES, PRECISELY THAT WHICH WAS ESSENTIAL TO US IN GENEVA. HE REPORTED A DISCUSSION WITH ARSENIS OF THE UNCTAD SECRETARIAT ON THE NEXT STEPS. VERY CLEARLY ARSENIS DOES NOT WANT TO SEE THE IMPROVED ATMOSPHERE DETERIORATE AND BELIEVES, THEREFORE, THAT WE MUST PREPARE VERY CAREFULLY FOR THE NEXT EXPERTS' MEETING, AVOIDING THE EXPERIENCE OF LAST YEAR WITH ITS RIGIDITIES AND POLARIZATION. ON THE ONE HAND, WE SHOULD LEAVE ASIDE HISTORIC DOCUMENTS AND WORK TOWARD ONE TEXT. ON THE OTHER SIDE, ARSENIS WOULD NOT WISH TO HAVE THE SECRETARIAT TAKE THE RISK OF DOING THIS BY ITSELF FOR TO DO SO MIGHT PRECIPITATE A FLURRY OF DOCUMENTS FROM THE OTHER SIDE. ARSENIS SAID THAT HE WOULD LIKE TO HAVE ADVISORS AROUND HIM IN PREPARING ANY SINGLE DOCUMENT AND SUGGESTED THAT HE MIGHT WORK THIS UP IN JUNE OR JULY. PHAUWADEL NOTED THAT THE UNCTAD SCHEDULE IS A VERY HEAVY ONE AND PERHAPS ONE SHOULD LIMITED OFFICIAL USE

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THINK IN TERMS OF SEPTEMBER.

3. THE BRITISH DELEGATE - SLATER - SUBMITTED A ONE-PAGE PROPOSAL -- CABLED SEPARATELY -- FOR AN APPROACH TO PREPARING FOR THE UNCTAD MEETING AND A SEVEN-PAGE DOCUMENT ON INTERPRETATION ON THE FEATURES IN THE FORM OF QUESTIONS AND ANSWERS. BASICALLY THE PROPOSAL WOULD BE TO ESTABLISH AN INFORMAL GROUP OF NO MORE THAN SIX INDIVIDUALS FROM EACH OF THE TWO GROUPS TO ASSIST THE UNCTAD SECRETARIAT IN PREPARING A DOCUMENT WHICH WOULD EXPAND UPON THE FOUR AGREED CONCEPTS FROM THE TDB RESOLUTION FOR USE AT THE EXPERTS' MEETING.

4. THE IMMEDIATE REACTION TO THE PROPOSAL WAS GENERALLY POSITIVE. THE EC SPOKESMAN - DENMARK - SUGGESTED THAT THIS SEEMED REASONABLE IN THEIR EYES ALTHOUGH HE EMPHASIZED THAT THE EXPERTS SHOULD SPEAK IN THEIR PERSONAL CAPACITIES RATHER THAN AS GOVERNMENT REPS. THE JAPANESE (KIMURA) EXPRESSED SOME DOUBT. HIS FEAR IS THAT, AS THERE IS NO STRONG LEADERSHIP IN THE 77, EVEN INFORMAL CONSULTATIONS MAY HAVE THE PREVERSE AFFECT OF STIRRING UP OPPOSITION ON THE GROUNDS THAT THE GROUP B

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PEOPLE WERE SIMPLY BEING DEVISIVE. HE SUGGESTED THAT IT MIGHT BE MORE FEASIBLE TO LIMIT OURSELVES TO WORKING UP A COMMON POSITION FOR GROUP B. PHAUWADEL RESPONDED THAT HE HAD CLOSELY QUESTIONED ARSENIS WHETHER THE G-77 COULD BE EXPECTED TO ACCEPT SUCH AN APPROACH AND WHETHER IT COULD LEAD TO RESULTS. ARSENIS REPLIED THAT HE WAS NOT AT ALL CERTAIN HE COULD OBTAIN APPROVAL BY THE G-77, BUT ON THE DEBT ISSUE VERY FEW PEOPLE IN THE GROUP OF 77 ARE DEEPLY INTERESTED. THESE INCLUDE ESSENTIALLY MODERATES SUCH AS KAHN OF PAKISTAN, THE DELEGATE OF EGYPT, THE INDIAN, AND THE GENEVA REP OF GHANA. THE CHANCES OF SUCCESS ARE NOT PARTICULARLY BRIGHT, BUT ONE SHOULD SIEZE THE OPPORTUNITY.

5. WE -- JONNES -- NOTED PER REFTEL U.S. WILLINGNESS TO PARTICIPATE IN INFORMAL CONTACTS TO THE END OF AN EXCHANGE OF IDEAS, AND THAT WE SHOULD DRAW UPON US/EC PROPOSAL IN SEEKING TO DEFINE THE BASIC CONCEPTS. WE ADDED THAT IN VIEW OF FACT THAT WASHINGTON HAD NOT HAD OPPORTUNITY TO CONSIDER BRITISH PROPOSAL, WE WERE NOT LIMITED OFFICIAL USE

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IN POSITION TO AGREE TO THE MODUS OPERANDI PROPOSED BUT WOULD SEEK INSTRUCTIONS. PHAUWADEL WOULD BE THE SPOKESMAN FOR GROUP B IN CONTACTS WITH THE UNCTAD. WE TOLD HIM THAT WE WOULD TRY TO HAVE AN ANSWER BY JUNE 1.

6. THE QUESTION AROSE AS TO WHAT THE U.K. DELEGATE PROPOSED FOR ITS INTERPRETIVE PAPER ON THE FEATURES. HE SAID IT WAS SIMPLY FOR THE USE OF OTHER GROUP B MEMBERS. UNDER NO CIRCUMSTANCES WOULD IT BE GIVEN TO THE GROUP 77. AT CLOSE, QUESTION AROSE OF POSSIBLE SECRETARIAT WORK TO COLLATE MATERIAL ON MEMBERS' ACTIONS TO IMPLEMENT RETROACTIVE TERMS ADJUSTMENT. FRENCH, JAPANESE AND WE DISCOURAGED ANY SUCH EFFORT. WP AGREED. HOWEVER, THAT AT SEPTEMBER MEETING MEMBERS COULD REPORT ON THEIR EFFORTS.  
SALZMAN

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## Message Attributes

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